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CONTRACTOR SET AL

NEXTRABBLE FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

MARKITY The Situation in Lacs

- less and Cambodia through July 1956," we estimated that "Pathot Las followers of the Viet Minh will probably continue to exercise considerable control in the provinces of Phong Saly and San Nous." The estimate pointed out that the Lactian army was unlikely to exercise effective control in these provinces, but Communist activity was expected to be "moderated" by Communist desires to forestall unfavorable Indian reactions.
- 2. Since the publication of the estimate, however, the Gonmediate have presented, in Charact violation of the spirit and letter of the Armistice, to secure their position in northern Lace, At the same time, the Laction procument has failed to deal effectively with Communist military and political maneuvers. In this situation, if present trends continue, there is a possibility that Laction influence in Phong Saly and San News provinces may be completely extinguished and a firm Communist bridgehead for further operations within Lace established within the part twelve months.
- 3. We intend to review the situation in Lace and the validity of the existing estimate (NIE 63-7-54) during the 2nd quarter of 1955.

SMERIAN JEST Assistant Director Entired Estimates

Reslocate: Gommist and Government Activities in Less

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